THE 22\textsuperscript{nd} ICPSK ANNUAL INTERNATIONAL CONFERENCE

THEME: INTEGRATED THINKING: A RELATIONAL PERSPECTIVE

The 21\textsuperscript{st} Century organization is faced with a myriad of enigmatic problems brought about by the dynamic changes within the operating environment. The environment is such that a number of conflicting factors come into play in determining the direction the executives should take in making decisions for their organizations. All these factors, notwithstanding their perceived impact, are essential in making decisions towards the achievement of the set objectives. The contemporary executives must thus balance between the opposing enigmatic choices, transcend duality and integrate key elements that directly or indirectly affect the business in a bid to seek out novel solutions to organizational problems as well as attain the desired objectives. To achieve this, they need to adopt integrated thinking whose output is the integrated report which is a critical milestone in the continuous journey of communication, decision making and accountability.

Integrated thinking is a shift from the agency theory whose sole focus is profit maximization for shareholders. Integrated thinking considers the wholesome wellbeing of the organization and corporate executives are expected to take into consideration the expectations of all the stakeholders while making decisions. Such stakeholders include, investors, employees, suppliers, customers, communities (the environment in which the business operates), regulators and the government. This is in cognizance of the fact that good governance is all encompassing, revolves around management of various stakeholder interests and that the achievement of the corporate objectives is dependent on the interrelationships between several factors that directly or indirectly influence the performance and existence of the organization.

The decision making process facilitated through the integrated thinking approach culminate into an integrated report. Integrated reporting embraces a triple bottom-line approach where an organization reports on profits, people and planet. Thus, an integrated report includes other matters that could significantly affect the organization’s ability to create value. Apparently, integrated thinking and reporting are seen as two sides of the same coin. They are both critical in enhancing connectivity in the organization and enhanced communication on value creation. Further, the increased demand for transparency means that users of annual reports are not only interested on the bottom-line but also in how employees are treated and remunerated, the impact of the organization’s activities on the physical environment, the contribution of the business towards the social welfare of the local people, and the long term sustainability of the business which could have an impact on the customers, suppliers, financiers and ultimately shareholder value.

The paradigm shift to integrated thinking has gained prominence to the extent that The International Integrated Reporting Council (IIRC) was formed in August, 2010. IIRC is a
global coalition of regulators, investors, companies, standard setters, the accounting profession and NGOs whose mission is to establish integrated reporting and thinking within mainstream business practice as the norm in the public and private sectors. Additionally, the King IV Code on Corporate Governance for South Africa, 2016 spells out both integrated thinking and integrated reporting as some of the key foundational stones of the Code. The others include ethical leadership, the organization in society, corporate citizenship, sustainable development and stakeholder inclusivity.

In the Kenyan context, both Mwongozo, The Code of Governance for State Corporations and the Capital Markets Authority’s Code of Corporate Governance Practices for Public Listed Companies do emphasize the need for both integrated reporting and stakeholders’ management. Both codes specify a number of governance parameters that need to be disclosed in the annual and other reports. These parameters include board operations and control, rights and obligations of shareholders, stakeholder relations, ethics and social responsibility, accountability, risk management and internal control, transparency and disclosure, sustainability and performance management as well as the extent of compliance with laws and regulations. By disclosing such information, both the shareholders and other users of the annual reports are in a position to get greater insights into the operations of the business, its relations with other stakeholders and its long term effect on the environment. All these factors have an impact on value creation and sustainability of the business.

Emphatically, the contemporary business leaders despite maximizing returns to the shareholders are expected to focus on managing various stakeholder relationships. Organizational relationship management is very critical for the overall success of an organization. In appreciation that one cannot manage what they have not measured, it is important to measure the strength of relationships, cohesiveness among staff, and effectiveness of strategic partnerships. As such, leaders should therefore develop relationship management skills to increase the quality and value of organizational relationships.

The King IV report, for instance, recognizes that an effective organizational strategy requires that management understand the legitimate and reasonable needs, interests and expectations of the organization’s major stakeholders. Ideally, the organization and its stakeholders are mutually interdependent - the organization’s ability to create value for its owners depends on its ability to create value for other stakeholders.

It is evident that all organizations depend on a variety of resources and relationships for their success. In the midst of the challenges facing organizations, the 21st century thinking and revolution in leadership has seen the creation of better and great choices. Various governments, corporates and social organizations have attempted to manage relations by incorporating ideas and opinions from various stakeholders in coming up with solutions to problems facing the people.
In Kenya for instance, *The Constitution of Kenya, 2010* provides for *participation of the people* as one of the key national values and principles of governance. The Kenyan citizens are involved in decisions relating to policy formulation, projects and issues that affect them. The Government of Kenya recognizes that the people’s ideas and input on a number of issues and projects planned to be implemented at various levels is crucial in helping to come up with solutions to local problems. Various stakeholders are invited to various fora to give views which are incorporated to provide a better and all inclusive solution to a number of issues some of which are at the local level.

Resources are scarce. It requires effective management of stakeholders’ relations in putting such resources to good use and reducing conflicting interests by embracing various opinions in identifying the key value adding projects/activities. Major Corporates have revolutionized their operations through the involvement of their employees and other stakeholders at all levels. The executives in such corporates are cognizant of the fact that organizations consist of subsystems all of which work together to achieve the mandate of the entire organization. Every opinion counts. Surprisingly, a number of corporates have made tremendous success strides that emanated from the opinions of staff at very low levels of the organization.

It is through integrated thinking, reporting and effective management of stakeholders’ relations that Sustainable Development Goals and other national blueprints will be realized, political solutions bedeviling a number of countries more so in the developing countries will be achieved, better strategic decisions will be made, good governance will be enhanced, and the resources of the world will be put into good use for the betterment of the lives of the global populace.

It is in this context that the theme for the 22nd ICPSK Annual International Conference is **INTEGRATED THINKING: A RELATIONAL PERSPECTIVE**.

The following topics will be addressed on the Conference Theme:

1. Strengthening Citizen Participation in Governance of Counties
2. Stakeholder and Public Involvement: Lessons from India
3. Integrated Thinking: A Relational Perspective
4. Governance Scorecard: Assessing Contribution by Professionals
5. Governance Scorecard: Assessing Contribution by Political Parties
6. The Role of Leadership in Organizational Excellence
7. Governance Assessment: Value Proposition
8. Future of Governance in Issuers of Securities to the Public
9. Role of SCAC in Promoting Governance in State Corporations
10. Family as the Foundation of a Sustainable and Ethical Society
11. Employee-Organization Relationship: Measuring the Business Value